

FISCAL NOTE

SB 3113 - HB 3271

March 15, 2004

SUMMARY OF BILL: Modifies the Municipal Electric System Tax Equivalent Law of 1987 to indicate that the provisions of that part supersede any contrary provisions in private acts, home rule charters, or metropolitan government charters. Removes transition provisions that established the base levels for tax equivalent maximums as those paid in fiscal year 1986-1987. Removes language validating contracts in effect as of July 1, 1987.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact - To the extent agreements were in place for distribution of payments in lieu of taxes made by municipal electric systems prior to July 1, 1987 that have resulted in a distribution different from the law enacted on that date, effective July 1, 2004 there will be a shift in payments from one local governmental entity to another estimated to exceed \$1,000,000.

This estimate assumes agreements for distribution of payments in lieu of taxes that were in existence on July 1, 1987 have been upheld by the Supreme Court (*Knox County v. Lenoir City*, 1992) and the provisions of the bill would repeal these agreements and make the distribution of such payments subject to the provisions of TCA 7-52-307.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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